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**AGREEMENT**

This Agreement effective the 30th day of January, 2006, by and between the Sheryl Smul Grantor Annuity Trust (hereinafter referred to as the "Smul Trust"), a Florida trust, whose address is 12351 NW 2<sup>nd</sup> Street, Plantation, Florida 33325, CS-Graces, LLC (hereinafter referred to as "CS-Graces"), a New York Limited Liability Company, whose address is P. O. Box 495, Ellenville, New York 12428, and RH Lodging Services, LLC, (hereinafter referred to as "RH Lodging" or "Company"), a New York Limited Liability Company, whose address is 283 Rock Hill Drive, Rock Hill, New York 12775.

**WITNESSETH:**

**WHEREAS**, RH Lodging is a Limited Liability Company duly organized and existing under and by virtue of the laws of the State of New York, as a result of the filing of Articles of Organization with the Secretary of State on May 4, 2000, and

**WHEREAS**, the sole Members of the Company are the Smul Trust and CS-Graces, each owning a 50% Membership Interest in and to the Company, and

**WHEREAS**, the rights and obligations of the Smul Trust, CS-Graces and the Company are bound and prescribed by an Amended and Restated Operating Agreement of RH Lodging Services, LLC, a New York Limited Liability Company, dated September 4, 2003, and

**WHEREAS**, the Members of CS-Graces are Joseph Tso, owning a 49% Membership Interest therein, Lane Tso, owning a 49% Membership Interest therein, Canela Tso, owning a 1% Membership Interest therein, and Stanley Tso, owning a 1% Membership Interest therein, and

**EXHIBIT "A"**



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WHEREAS, Alan G. Friedberg is the Guarantor of a loan by The First National Bank of Jeffersonville to D & N Management Corp. in the original principal amount of \$1,300,000.00, the proceeds of which loan were used for and on behalf of the Smul Trust, and

WHEREAS, Joseph Tso is the President of D & N Management Corp., and

WHEREAS, the Smul Trust is desirous of selling and assigning all of its Membership Interest in and to the Company to CS-Graces, for the consideration and upon the terms and provisions as hereinafter provided, and

WHEREAS, CS-Graces is desirous of purchasing and having assigned to it all of the Membership Interest of the Smul Trust in and to the Company, for the consideration and upon the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and the sum of Ten and 00/100 (\$10.00) Dollars and other good and valuable consideration, the receipt of which is hereby acknowledged by the parties, and upon the terms and provisions hereinafter provided, the parties hereto hereby agree as follows:

1. All of the aforementioned "WHEREAS" clauses are incorporated into and made a part of this Agreement, and each of the recitals and agreements therein set forth are agreed to by the parties.
2. As partial consideration for the transfer of its 50% Membership Interest in and to the Company to CS-Graces, CS-Graces, Joseph Tso, Lana Tso and the Company hereby cancel all debts, liabilities and obligations of the Smul Trust and/or Alan G.



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Friedberg to CS-Graces, Joseph Tso, Lana Tso and/or the Company, including but not limited to the following:

- (a) Note dated December 31, 2003 from Alan G. Friedberg to Joseph Tso, in the principal sum of \$1,300,000.00. The parties hereto acknowledge that said sum was borrowed by Alan G. Friedberg, on behalf of the Smul Trust, from Joseph Tso in connection with a loan of D & N Management Corp. from The First National Bank of Jeffersonville;
- (b) Obligations, if any, of Alan G. Friedberg and/or the Smul Trust to the Company and/or Joseph Tso for approximately \$50,000.00, representing the balance due on a loan of \$100,000.00 from the RH Lodging Operating Account incurred on behalf of the Smul Trust, which debt was incurred in or about October 2004;
- (c) Obligations, if any, of Alan G. Friedberg and/or the Smul Trust to C-S Graces and/or Joseph Tso for interest, charges and/or fees due on the loan of \$1,300,000.00 from the First National Bank of Jeffersonville;
- (d) Any and all other loans, obligations, charges and/or fees (including but not limited to hotel charges) of the Smul Trust and/or Alan Friedberg to the Company, C-S Graces, Joseph Tso and/or Lana Tso.

3. As and for additional and further consideration for the transfer by the Smul Trust to CS-Graces of the Membership interest of the Smul Trust in and to the Company;



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- (a) The Company, CS-Graces, Joseph Tso and D & N Management Corp. have, at the Company's sole cost and expense, caused the removal of Alan G. Friedberg as the Guarantor of a loan from The First National Bank of Jeffersonville to D & N Management Corp. and/or Joseph Tso in the amount of \$1,300,000.00, which Guaranty was dated December 29, 2003 (a copy of which is annexed hereto as Schedule "A");
- (b) The Security Agreement dated November 17, 2003 by and between Alan G. Friedberg, the Smul Trust and Joseph and Lana Tso (a copy of which is annexed hereto as Schedule "B"), is hereby cancelled and of no further force and effect;
- (c) Prior to or simultaneously with the effective date of this Agreement, The Company, CS-Graces and Joseph Tso shall, at their sole cost and expense: (i) remove Alan G. Friedberg as the Guarantor of a loan from Hudson United Bank to the Company, in the original principal amount of \$4,425,000.00, as secured by two (2) Mortgages (one by the County of Sullivan Industrial Development Agency and the Company dated July 16, 2003 and recorded in the Sullivan County Clerk's Office on July 22, 2003 in Liber 2603 of Land Records at page 247 and secured by Thompson 35-1-7.1 and 51-2-12, and the other by the Company dated July 16, 2003 and recorded in the Sullivan County Clerk's Office on July 22, 2003 in Liber 2603 of Land Records



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at page 279 and secured by Thompson 35-1-4; the two Mortgages cross-collateralize the same loan of \$4,425,000.00), which Guaranty is dated July 16, 2003 (a copy of which is annexed hereto as Schedule "C"), and: (ii) obtain such consent as is necessary from Hudson United Bank to: (y) any modification required in any documents of the Sullivan County IDA as a result of this Agreement and the transactions contemplated hereby, and; (z) the transfer by the Smul Trust of its Membership Interest in the Company to CS-Graces;

(d) The Company, CS-Graces, Joseph Tso and Lana Tso hereby jointly and severally defend, hold harmless and indemnify the Smul Trust and Alan G. Friedberg with respect to the following including, but not limited to, all reasonable attorneys' fees and costs incurred in connection therewith:

(i) The Mechanic's Lien filed by Boris Shalman, Inc. dated July 22, 2002 in the sum of \$34,099.22, and the Stipulation of Settlement reached with Boris Shalman, Inc. in the action pending in the Supreme Court of the State of New York, County of Sullivan, entitled "Boris Shalman, Inc., Plaintiff, against Sullivan County Industrial Development Agency, et al", bearing Index No. 413-03, including but not limited to the Guaranty of Alan G. Friedberg contained therein, all of which